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INFORMATION REPORT

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25X1X

DATE OF INFORMATION [REDACTED]

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1. [REDACTED] end of May 49 the speculation was that the Communist forces could not be stopped short of Canton. Without going into a discussion of military factors, the feeling was that logistics would probably halt the Communist advance before it overran Kwangsi, Kweichow, Yunnan and Szechwan. If this assumption is correct, the probable result will be two semi-autonomous regimes in the southwest with only a phantom central government.
2. The first and larger of these two regimes will consist of Szechwan, Szechwan and Yunnan with General Chang Chun as overlord. The Szechwan authorities are talking in terms of a "passive [REDACTED] in the province against the Communists. By this they seem to mean increasing the border patrols on the Shensi border to prevent entirely unopposed entry into the province, but without attempting to build up a force sufficient to offer serious military opposition if the Communist armies attack in force. At the same time, the [REDACTED] authorities have made it quite clear that they do not want Generalissimo Chiang Kai-shek to come to the province himself. The basic idea appears to be to preserve Szechwan for the Szechwanese and to prevent it from becoming a battle ground. Therefore, it is reasonable to assume that they would not desire a "national government" in opposition to the Communists to set up its headquarters in Szechwan, as for example at Chungking.
3. The second semi-autonomous regime will consist of Kwangsi and possibly parts of Kwangtung and/or Hunan with Generals Li Tsung-jen and Pai Chung-hsi as the controlling figures.
4. The alignment of Kweichow is obscure; it may fall into either of the regimes. This is not of major importance because Kweichow is so poverty-stricken and so bandit-ridden that it would be a liability rather than an asset to either regime.

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-2-

25X1A

5. In addition to these two southwestern regimes, there are the two northwestern provinces of Chinghai and Ninghsia presided over by the Moslem cousins Ma, who claim to be powerful enough to maintain their regimes against the Communists and probably to expand their area to include Western Kansu.

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6. [REDACTED]

7. How long such semi-autonomous provincial regimes can survive will depend naturally on the degree of success which the Communists achieve in digesting the areas they have overrun and in solving the administrative and economic problems which they have thereby acquired.

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8. [REDACTED] an almost unanimous reaction is that the country's economy cannot support the burden of military expenditure on the existing scale; that as the Nationalists are unable to overcome the Communists, there is no alternative to accepting the Communist regime; and that it then remains to be seen if the Communists will abandon military adventures and concentrate on economic reconstruction. If they do and are successful the Chinese public is willing to accept them; if they do not, or fail in their endeavor, a further upheaval will follow.

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[REDACTED] But an intense war weariness and a desire to see the end of armies is apparent everywhere.

9. Individual civil servants, especially those in minor positions, are prepared to continue to function under the Communists for as long as the Communists will employ them. This applies to Chinese educated abroad as well as those without any foreign background.
10. The non-Communist Chinese reaction to the prospect of Communist control is commonly summed up by the remark, "There is no way of dealing (with it)", i.e. there is nothing which can be done and, therefore, it must be accepted.

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